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Subject: Foreign Shipments of Farm Machinery

Field Distribution: War Board members, Extension Editors, AAA Committeemen, BAE Analysts, FDA Marketing Reports Chiefs, SCS, FSA, FCA Regional Information Chiefs, Radio Farm Directors, Radio Editors.

Suggested Use: As background in answering questions on the shipment of farm machinery overseas.

There has been considerable discussion recently on the subject of farm machinery exports under the Lend-Lease and the United Nations Relief and Rehabilitation Administration programs. This memorandum reports what has been done and what is being planned under these programs, together with the reasons for the past actions and plans.

WHY SEND FARM MACHINERY ABROAD:

(1) Lend-Lease

From the standpoint of policy, Lend-Lease exports of farm machinery are dictated by military necessity. Both the amounts and types of farm machinery so exported are determined by what are -- in the last analysis -- requirements for winning the war.

(2) Foreign Relief

No commitments have yet been made for any purchases of U. S. farm machinery for foreign relief purposes under the UNRRA program. Definite commitments will be made only if and when Congress authorizes such action, and then only after full consideration of all domestic needs, and the relative value of foreign shipments in terms of economy, efficiency and the national self-interest.

Preliminary purchases of farm machinery for liberated areas will be made in co-operation with the armed services, for distribution by the military during the period of its responsibility -- immediately after invasion and before the UNRRA program proper becomes effective. These purchases will be financed through Lend-Lease, just as are the limited farm machinery supplies which have been made available to our Allies close to fighting fronts.

There are many reasons why it is to our advantage to ship some farm machinery to foreign countries. For one, American armed forces and the troops of our Allies, wherever they may be stationed, must be furnished with adequate supplies of food. By getting this food produced as near as possible to the battlefield, we save critical shipping space for direct war materials and troops, and decrease the drain upon our domestic food supplies.

A Saving in War Shipping

In spite of the magnificent shipbuilding record which has been made by American productive genius, shipping facilities have been and continue to be seriously strained. Saving in shipping space is, therefore, a very important consideration. Approximately eight times more ship tonnage, for example, would be needed to ship a given amount of food abroad than would be required to ship the farm machinery needed to produce the same food within a single year.

The United Nations war effort is distinguished for its rational pooling of limited resources. With Lend-Lease farm machinery -- of which the United States is the biggest and one of the few remaining United Nations producers -- we have enabled Australia, New Zealand and the United Kingdom to furnish as reverse Lend-Lease to our soldiers, millions of dollars' worth of food which would otherwise have had to be furnished out of limited domestic supplies. In fact, Australia and New Zealand now provide under reverse Lend-Lease virtually all of the food consumed by U. S. forces in those areas. They have, for example, supplied us -- under reverse Lend-Lease -- with approximately as much beef and veal as we have Lend-Leased to all countries. The United Kingdom supplies us with 20 percent of the food consumed by our troops stationed there.

Big Returns During War

The United Kingdom, intensively using all available farm equipment, has increased its food production 70 percent over pre-war levels. This was accomplished while much of Britain's most productive land was used for air fields and while the British farm labor supply was steadily decreasing.

The Lend-Lease machinery which helped the United Kingdom make that increase in production amounted to 1.2 percent of the United States farm machinery production between March 11, 1941 and December 31, 1943.

Lend-Lease machinery shipments to Australia and New Zealand during that period amounted to less than $\frac{1}{2}$ of 1 percent of the United States production. This included replacements for the many Australian tractors conscripted by General MacArthur. Almost all farm machinery manufacturing capacity in Australia was converted to strictly military production, and the country could no longer get machinery from its pre-war sources of imports -- the United Kingdom, Belgium, and Sweden.

After the War Too

In carrying out the objectives of the United Nations Relief and Rehabilitation Administration, it will be to our benefit as well as that of other nations to provide farm machinery for foreign relief. War damage in the occupied areas is likely to be widespread and devastating, and the most effective and practical thing that we can do is to help liberated peoples help themselves, by getting that vital "first crop" into production. Contributions of food supplies alone would not go very far in aiding these people to help themselves. The farm machinery for liberated peoples will not be drawn from the United States alone. Others of the United Nations, especially Canada and Great Britain will provide them full share.

Shipments So Far

As we have said, Lend-Lease farm machinery has played an important part in supplying the needs of Allied troops in overseas stations. Actual shipments to date of farm machinery under Lend-Lease have, however, been kept at an absolute minimum consistent with the demand of our joint war effort. The domestic shortages of both farm labor and farm machinery, and the importance of increased food production at home have, of course, been given paramount consideration.

Since March 11, 1941, the date of the enactment of the Lend-Lease Act, up to December 31, 1943, the Lend-Lease shipments of farm machinery have amounted to only 1.8 percent of the machinery produced, (excluding crawler tractors, which are used almost entirely for military purposes.) The following table shows these exports for the period indicated.

LEND-LEASE EXPORTS OF AGRICULTURAL MACHINERY

From March 1941 to December 31, 1943

	<u>Thousands of Dollars</u>
United Kingdom	19,536
Australia	4,232
New Zealand	2,672
Egypt	1,358
U.S.S.R.	697
India and Dependencies	684
British Africa	444
French Africa	1,000
Other Countries	<u>2,180</u>
Total	32,803

For the Year 1943

	<u>Thousands of Dollars</u>
United Kingdom	8,466
Australia	3,609
New Zealand	2,350
Egypt	590
U.S.S.R.	116
India and Dependencies	466
British Africa	444
French Africa	1,000
Other Countries	<u>1,941</u>
Total	18,982

While the dollars and cents figures may seem large, it should be borne in mind that U. S. farm machinery production authorized for the year ending June 30, 1944 will be in excess of \$500,000,000.

Another angle that should be considered by anyone who thinks carefully about the farm machinery situation is that the requirements for foreign use will become an even smaller proportion of the total output in the future. This is because the output is expected to increase while the requirements for use outside the United States are pretty well known already.

WHAT IS PLANNED?

It is estimated that the Lend-Lease shipments of farm machinery during the first six months of 1944 will, at the maximum and under the most favorable shipping conditions, amount to less than \$12,000,000.

The so-called "UNRRA" farm machinery program for liberated areas which was introduced into the Congressional Record covers estimates of needs developed by United States and United Kingdom officials for the purpose of planning and appraising production possibilities in the United States, United Kingdom, and Canada.

This program is intended to cover the period of military responsibility in the liberated areas, and also to apply towards the subsequent period of civilian responsibility. It includes the requirements of the countries which will be able to pay cash for their supplies, and represents supplies to be obtained from other sources as well as the United States. No procurement action has been taken against this program; no contracts have been let; no money has been obligated. First purchases will be those made for military distribution.

Plans Made for Speed and Flexibility

These preliminary plans have been made in the interest of being prepared to move quickly when circumstances demand. Such steps are necessary far in advance of any actual contracts that may later be let and is desired by the War Production Board and the War Food Administration, and by the manufacturers, so that they can plan for the period involved. This preparedness attitude accounts for an advance allocation of steel by the WPB to the Foreign Economic Administration. A considerable portion of the machinery produced from this steel will be required by the military during the period of military occupation.

No one knows, of course, when the need for farm machinery in the liberated areas will arise, or in which areas. Plans must be flexible. However, it is certain that liberated areas will be in urgent need of farm machinery so as to take full advantage of the first growing season.

Supplying the machinery is the surest and least expensive way to provide the starving people of the liberated countries with food.

Helping the liberated people help themselves will lay the cornerstone for the building of world peace.